

The Brutal Side of Capitalist Development

("The State-Market Debate")

David Moore, Thisday, Johannesburg, Friday July 23, 2004

South Africa's current development debate is hardly unique. It's not only here that governments and critics wax and wane from "neo-liberal" GEARs and social-welfarist RDPs, question the length of "short-term pain", and ask how many "economies" can fit into how many floors in one house.

As Thabo Mbeki's citations from Will Hutton, US statisticians and EU policies and Tony Leon's vapid rapid response indicate, such arguments proceed afar and draw on globally contested world-historical ideologies.

These musings, however, have so far avoided capitalism's long and violent evolution – and the state's tightly bound relationship with an emerging bourgeoisie, its contending fractions and opposing classes.

"New" South African policy directions are rooted in development debates in circulation after the Second World War. These in turn are layered in deliberations about the roots of capitalism – long before the memories of the ahistorical discipline of development studies and politicians' even shorter ones.

The short history of "development" goes as follows: As the "third world" arrived on the global stage so did the new sub-discipline of "development economics" within the Bretton Woods institutions. The goal: to ease the further integration of the decolonised parts of the world into the capitalist mode of production while simultaneously keeping them away from the lures of "Communism".

The lines were drawn between statisticians and those who saw the state as the breeding ground for corruption and inefficiency at best, and authoritarianism at worst. Until the crisis of the mid-1970s, the former dominated – aided by the intellectual hegemony of Keynesianism, the memories of the Great Depression and the Second World War, the success of the Marshall and Dodge plans in western Europe and

Japan, and the speedy industrialisation of the Soviet union (Stalinism's murderous side was all but ignored).

When this golden age of capitalism lost its tarnish – the oil crisis was not the only cause of its demise, nor the debt crisis its only upshot – the statist lost the lead to Friedrich Hayek's market-libertarian disciples. According to this narrative, neo-liberalism held sway for the next quarter-century.

However, neo-liberal proselytisers were as naïve about the market's magic as were statist about their institution's neutrality and planning capacity. While neither ideology was implemented fully, they were both blind to capitalism's violent historical emergence.

Only now, after evidence of the disastrous consequences of structural adjustment, the voices of the development agencies such as the United Nations Development Programme are being heard. Has the "development state" returned? Is the language of "public goods" gaining more legitimacy than "private accumulation"?

"Development" in its many guises is a "public good", we hear. It's too hard for the market to provide so the state – local or global – should. Even the World Bank sounds more like the Salvation Army than the Bog Business Brigade. Thus in South Africa it's become cool for politicians to implement "public works" for the poor unemployed, "public accumulation" for the benevolent new bourgeoisie, and "public-private partnerships" for bureaucrats and businesspeople. The state is back – as long as we can increase its employees' capacity.

Both statist and marketeers have learned their lessons: statist know the dangers of Stalinism and cronyism while marketeers realise the need for "good governance states" with the redistributive capacity to cushion the blows "development" delivers to the poor and to move them a few steps towards the top floor.

In the wider world, the kind words of Amartya Sen's *Development and Freedom* and his co-chaired Commission on Human Security's report *Human Security Now* dominate development textbooks and op-ed pages. IMFers are confined to the business news pages: quietly dominant instead of actively hegemonic.

Yet all are united against the neo-cons who invade instead of develop. "Make development, not war" they cry after the US's most recent attempt to accumulate by dispossessing another state, as David Harvey's *New Imperialism* would have it. As they move into Iraq they forget the intractable links between development and force.

Such happy synergistic tales also ignore history. “State” and “market” were inseparable during capitalism’s primitive accumulation stage. The “market” did not entice peasants and serfs to sell their magically “free” labour to it: it needed the “state” to force serfs off the land “privatised” by their lords-cum-agrarian capitalists, and to gather resources from societies antecedent to and surrounding it.

Yet, as Michael Perelman’s *The Invention of Capitalism* tells us, while Adam Smith hid capitalism’s brutal genesis behind invisible hands, his contemporaries did not. They knew “development” could not happen spontaneously, and that capitalists and states’ dealings were far from “arms-length”.

Nor did this process happen within the bounds of one state: the resources and labour of many continents fed into capitalism’s text-book case. New states, new capitalists, new imperial conquests, and new wars were all part of the package. With late-developers like Germany, the strings of state and capital were tied even more tightly together. And if history does not appeal as a lesson book, China might.

Why should it be any different now, in South Africa and the continent? In Africa, capitalism’s development is either in a very protracted birth or stalled (one version of primitive accumulation theory has Africa in a permanent patchwork of resource enclaves, warlordism, and “subsistence” which is somehow functional to international capital – but things seem more complicated than that).

International development midwives hesitate at the choice of Caesarian section or abortion. In “self-reliant” Zimbabwe, the “public accumulation” model gets a bad name as its party-state class bulldozes one racially defined fraction of capital in an attempt to invent a new yeomanry, while trying to keep black contenders off the scene.

South Africa’s social relations of production are the continent’s most “capitalist”, but over 30 percent of its population still live within “traditional” (liberal-speak for pre-capitalist) relations.

Are the informals and unemployed half-way to capitalism or totally embedded in a “capitalism of a special type”?

South Africa and its hinterlands face the contradictions of public and private accumulation that have confronted developing capitalisms everywhere. With well over 30 percent of the continent’s GDP, South Africa is Africa’s hegemon.

It cannot stop from exporting capitalism's birth pangs, be they through Nepad or MTN. The debates about whether variations on this theme are "left" or "right" seem oddly beside the point.

History tells us, though, that the morass of primitive accumulation is cut through with strong doses of authoritarianism mediated only by vibrantly emerging working classes. For that reason alone, neither leftists nor liberals should counsel less pressure from below.

Without it, states foster wasteful conspicuous consumption, not productive public accumulation.

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